



CJS/ek4 3/14/2016

**FILED**  
3-14-16  
09:12 AM

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.

Application 14-11-007  
(Filed November 18, 2014)

And Related Matters.

Application 14-11-009  
Application 14-11-010  
Application 14-11-011

**ASSIGNED COMMISSIONER'S RULING DIRECTING ACTIVITIES IN  
RESPONSE TO NATURAL GAS LEAK AT ALISO CANYON STORAGE AND  
SEEKING COMMENTS**

**Summary**

This ruling directs Southern California Gas Company and Southern California Edison Company to take immediate steps to enhance their Energy Savings Assistance Program (ESAP) efforts in low-income communities affected by the Aliso Canyon Gas Storage Facility leak. The ruling also provides notice and an opportunity to comment pursuant to Public Utilities Code Section 1708 on changes to the existing ESAP program activities that may help alleviate low-income customer hardship in areas affected by Aliso Canyon. The ruling sets aside submission of the record to take comment to consider such actions in light of the emergency at Aliso Canyon. Comments on this ruling are due ten days from the date of its issuance.

## **1. Background of Natural Gas Leak at Aliso Canyon Storage Facility**

On October 25, 2015, Southern California Gas Company (SoCalGas) notified the Commission of a natural gas leak at the Aliso Canyon storage facility. SoCalGas owns and operates the facility at Aliso Canyon. The leak was within one of the wells at the Aliso Canyon site. Though the leak was sealed on February 17, 2016, reliability concerns remain about the sufficiency of natural gas resources in the area served by Aliso Canyon. On January 6, 2016, Governor Brown proclaimed a state of emergency at Aliso Canyon. The proclamation directs all agencies of state government to “ensure a continuous and thorough response to this incident” and further directs the Commission to “take all actions necessary to maximize daily withdrawals of natural gas from the Aliso Canyon Storage Facility for use or storage elsewhere.” At the same time, the proclamation also directs the Commission to “take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility.” This ruling seeks to achieve one such action.

## **2. Implications of Natural Gas Leak in These Proceedings**

The safety and ratemaking issues, and broader implications of the natural gas leak at Aliso Canyon will be addressed in other proceedings. These implications include how to maintain system reliability and ameliorate greenhouse gas emissions, amongst others. However, certain actions may be appropriate within the ESAP dockets to mitigate the impact of reliability issues arising from Aliso Canyon to energy customers, particularly low-income energy customers eligible for ESAP measures. Several offerings within the ESAP portfolio may reduce the demand for natural gas in the geographic regions most impacted by the leak at Aliso Canyon.

The leak at Aliso Canyon has significant long-term implications for the availability of natural gas and overall system reliability in Southern California. While the full extent of natural gas resource reliability issues arising from Aliso Canyon is still unknown, it is highly likely that a natural gas shortage could lead to a rise in the price of natural gas in Southern California, or to curtailments of natural gas supply to both “core” and “non-core” customers, including electric generators that use natural gas as fuel to make electricity, and hospitals.

I am particularly concerned that low-income customers will be disproportionately impacted by this natural gas shortage. The potential for curtailment of “non-core” gas customers such as electric generators in the event of insufficient gas supply may also cause hardship and negatively affect the “health, safety, and comfort<sup>1</sup>” of ESAP customers. Since the primary purpose of these dockets is to implement the statutory policy of “reducing energy-related hardships facing low-income households” and to enable measures to reduce energy rates and usage,<sup>2</sup> it is appropriate to take immediate action in response to this emergency.

### **2.1. Need for Increased Natural Gas Energy Efficiency in Buildings Serving the Low-Income Community**

I direct SoCalGas to intensify existing efforts in its ESAP program activities in the geographic areas most impacted by the anticipated natural gas shortage. This should include targeting multi-family buildings with over 80% ESA eligible

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<sup>1</sup> As discussed in Decision (D.) 08-11-031, a key policy goal for ESAP is to promote the “health, comfort and safety” of the eligible low-income customers.

<sup>2</sup> California Public Utilities Code § 2790(a) requires energy efficient measures for low-income Californians “if the Commission determines that a significant need for those services exists... taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.”

units,<sup>3</sup> low-income residents, and single family residences eligible for ESAP. SoCalGas should consult with Commission Energy Division staff on the appropriate locations in which to target its intensified efforts.

SoCalGas should consider, at minimum, intensifying the deployment of the following existing eligible ESAP measures:

- Residential water heater system replacement, especially heater systems that leak water causing continuous or high amounts of natural gas demand;
- Residential gas furnace replacement;
- Other measures that reduce natural gas use.

**2.2. Expedited Installation of No Cost Measures to Reduce Peak Gas Usage and Need for Increased Electric Energy Efficiency in Buildings Serving the Low-Income Community**

In addition to these direct natural gas saving activities, the leak at Aliso Canyon impacts natural gas availability to non-core customers, including natural gas fired power generators in Southern California. As a result, it is highly likely that natural gas will be less available for electric production in the Los Angeles Basin and surrounding areas. Demand for electric generation from natural gas fired power plants will increase as we head into peak electric demand during the summer and fall months. The Los Angeles basin affected by the Aliso Canyon leak often has its hottest days and peak demand are in the summer, including in

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<sup>3</sup> See D.14-08-030, Sec. 6.1.1.3, for discussion of 80% ESA eligibility in multi-family buildings (“a utility may treat the entire multifamily building, whether or not a particular unit is occupied or income qualified, if at least 80% of the building’s units are income-qualified” Ordering Paragraph 40(2); “The Utilities shall propose an expedited enrollment process for the United States Department of Housing and Urban Development assisted multifamily housing wherein at least 80% of the tenants have incomes at or below 200% of federal poverty level (FPL), Ordering Paragraph 40(4)”).

September or October. Natural gas fired power plants are increasingly being used to generate electricity during the late afternoon and evening peak, particularly when other renewable energy sources are unavailable. Deploying additional demand side measures to reduce electric demand, in particular peak demand (which is often supplied by natural-gas fired power generators) is an important strategy to maintain reliability and minimize price spikes. The year-round role of natural gas serves in electric generation makes it critical to structurally embed measures that can reduce electric demand, and thus demand for natural gas. I think it is critical to take steps to conserve limited gas supplies in the Los Angeles basin<sup>4</sup> following the Aliso Canyon emergency.

Therefore, in response to this emergency, I direct Southern California Edison Company (SCE) to intensify its efforts to curb electricity usage of ESAP-eligible households including those residing in multi-family buildings serving 80% or more low-income occupants, and single-family buildings. SCE should concentrate its efforts in the geographic regions most impacted by any natural gas shortfalls faced by electric generators as a result of the Aliso Canyon emergency. This includes, but is not limited to, the geographic areas served by the following electric generators:

- Alamitos Toll;
- Huntington Beach Generating Station;
- Redondo Beach;

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<sup>4</sup> This emergency also has a large potential impact on the electric generators servicing the Los Angeles Department of Water and Power service territory. Deploying ESAP measures in eligible buildings may also have some positive impacts. Both SoCalGas and SCE should consult the Commission Energy Division staff as it defines its geographic intensification to determine what assistance and collaboration to the Los Angeles Department of Water and Power service territory, if any, can be rendered within the existing program rules.

- Barre Peaker;
- Center Peaker;
- El Segundo Energy Center;
- El Segundo Power; and
- Long Beach Generation.

SCE should consult with the Commission Energy Division as the California Independent System Operator does some preliminary modeling impacts on electric generators stemming from the outage at Aliso Canyon. SCE should focus its efforts on reducing high electric demand and also peak demand in ESAP-eligible households including those residing in multi-family buildings with at least 80% low-income occupants, including Master-Meter buildings, and single family residences. In particular, SCE should intensify efforts within its ESAP portfolio that can reduce the need for natural gas electric generation. These measures may include Heating Ventilation Air Conditioning (HVAC) and other high electricity using items, but there may be other prime candidates. In addition, the drought is still pervasive in Southern California and water usage in low-income buildings can be extremely electric-intensive, and water uses embedded energy. SCE should coordinate with Commission Energy Division staff to prioritize a list of additional energy and water reduction strategies for low-income households.

### **3. Potential Administrative Remedies to Deploy Additional Energy Efficiency in Buildings Serving the Low-Income Community**

In response to this emergency, both SoCalGas and SCE will need to develop new techniques to push for deeper near-term energy savings in ESAP-eligible households including those residing in multi-family buildings

housing more than 80% or more low-income residents, Master-Meter buildings, and single-family households eligible. Because of the emergency situation,<sup>5</sup> this ruling seeks comment on the appropriateness of suspending certain ESA program rules in areas served by SoCalGas and SCE and affected by the Aliso Canyon emergency. Such program rules may act as a barrier to achieving near term efficiency savings in buildings housing eligible low-income ESA residents. These practices include the “three measure minimum” rule (indicating that a household must be eligible for at least three CPUC approved measures to be eligible to receive ESAP treatment) and the “go back rule” (a ten-year waiting period before a treated household or residence can be re-treated with additional measures). It may be that customers that have received ESA program service within the last ten years could benefit now from additional ESA measures that will help them weather any gas shortages or price impacts resulting from Aliso Canyon. Similarly, it may be that a single measure – rather than three measures – may significantly assist such customers in weathering the impact of Aliso Canyon. For example, an efficient water heater is a single measure, but it may produce significant gas savings that merit its installation in the home of an ESA-eligible household.

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<sup>5</sup> The existing ESAP decisions confer upon the Assigned Commissioner the authority to take the steps ordered here. D.14-08-030, 2014 Cal. PUC LEXIS 397, Ordering Paragraph 3, gave the IOUs authority to use prior unspent funds with “administrative flexibility to meet any unforeseen program needs during the bridge period, subject to the fund shifting rules.” If the IOUs have such authority, it follows that the Commission has such authority as well. The Aliso Canyon incident, and its impact on customers in communities served by the natural gas from that gas storage field, creates unforeseen program needs that require immediate attention from this Commission. D.15-12-024 continued the 2012-14 and 2015 programs for January-June 2016, so the foregoing Ordering Paragraph continues to apply to the current ESAP programs.

In the absence of an emergency, the go-back rule and the three measure minimum may achieve program delivery equity throughout the utilities' service territories and ensure the "best bang for the buck" by minimizing the number of touch points. The emergency situation and energy reliability concerns stemming from Aliso Canyon require more aggressive action. Since the leak at Aliso Canyon and drawdown of natural gas in that field creates an energy reliability issue in a specific geographic situation, I ask parties to comment on whether it is appropriate to suspend the go-back rule and three measure minimum in time for peak load conditions this summer in the areas served by SoCal Gas and SCE affected by natural gas and electric reliability concerns associated with this emergency. I note that both SoCalGas and SCE are single fuel utilities. The proposal to suspend the three measure minimum as applied is made in the context that there are already different program rules for the single fuel utilities and I intend for this proposal to be a subset limited to the emergency response at Aliso Canyon.

In directing an intensification effort and proposing a suspension of certain ESA program requirements, I intend for SoCalGas and SCE to focus on the areas they can achieve significant potential energy savings. The utilities should still go after the best "bang for the buck" and not simply employ measures that result in de minimus energy savings (such as changing a single lightbulb in a household). In addition to addressing the appropriateness and potential effectiveness of suspending the go-back rule and three measure minimum, this ruling seeks comment from SoCalGas, SCE and all other parties to this proceeding on measures that may be appropriate for an emergency Commission decision expanding ESA activities in affected areas.



Once SCE and SoCalGas ramp up their existing ESA activities in Aliso Canyon-affected areas, and, if appropriate, the Commission acts to require actions beyond those ordered in existing ESA program decisions, I propose that SCE and SoCalGas begin reporting on the results of their new activities. They shall report to the Energy Division on a monthly basis and at each of the remaining 2016 Low Income Oversight Board Meetings on measures installed as a result of this ACR and anticipated energy savings benefits.

In developing the record in this docket, the parties have provided substantial information on the balances of unspent and underspent funding from previous program cycles. In addressing the crisis in Aliso Canyon, both SCE and SoCalGas should use these unspent and underspent funds as appropriate to achieve the energy savings. As presented to the Commission at the February 23, 2016 Low-Income Oversight Board meeting, SoCalGas estimates its unspent budget to be approximately \$158.6 million and SCE estimates it to be approximately \$89.7 million. Because of these relatively large balances of underspent and unspent funds (which have already been recovered from customers and are sitting in accounts), it is appropriate to ask SCE and SoCalGas to step up their efforts under existing grants of ESA program authority to mitigate future negative bill impacts and electricity reliability implications for low-income customers impacted by the leak at Aliso Canyon. Such expenditures may benefit all ratepayers by decreasing natural gas demand and staving off the need for natural gas or electric curtailments that could affect all customers if electric generators, hospitals or other “non-core” customers are curtailed due to supply shortages.

In this ruling, I specifically seek party comment on suspension of administrative remedies such as the “three measure minimum” and the “go-back

rule” as potential solutions to facilitate deeper energy savings in the geographic regions impacted by this emergency; there may be other strategies that accomplish the same goal not yet mentioned. Therefore, I set aside submission of record and ask all parties to comment on the following questions:

1. Are there other natural gas efficiency measures within the ESAP portfolio which SoCalGas should prioritize to reduce natural gas demand in low-income households and eligible buildings?
2. Are there other electric efficiency measures within the ESAP portfolio which SCE should prioritize to reduce electric demand in low-income households and eligible buildings?
3. Should the Commission suspend the “three measure minimum” and/or the “go back rule” in the Aliso Canyon impacted areas identified in this ruling? If yes, should the suspension last for the full remainder of the 2015-2017 program cycle or is some other period of time more appropriate?
4. Are there additional administrative rules which should be suspended not yet mentioned, and for what period of time should they be suspended?
5. Are there any additional steps within the scope of these dockets that should be implemented to maximize the emergency response efforts in the areas affected by Aliso Canyon?
6. Should we set specific “intensified” savings targets for SCE and SoCalGas to achieve in response to this emergency? If yes, what should the targets be for the program cycle?
7. Are there specific actions in the scope of these proceedings we should take to ensure that high energy using households eligible for ESA are targeted and served?
8. What provisions of existing Commission decisions governing the ESA program require suspension or revision

in order to effectuate the changes a party recommends in response to this ruling?

In responding to these questions, parties should contain their responses to the Aliso Canyon emergency response efforts. Comments shall be filed and served no later than ten days from the date of mailing of this ruling. Upon receipt of comments, the record will once again be submitted and I anticipate the issuance of a short proposed decision in response to the emergency situation shortly thereafter.

**IT IS RULED that:**

1. Southern California Gas Company (SoCalGas) shall immediately intensify all efforts within its existing Energy Savings Assistance Program (ESAP) authority to assist ESAP-eligible low-income customers affected by the Aliso Canyon incident. SoCalGas shall prioritize near-term natural gas savings, including measures that save natural gas by saving water.

2. Southern California Edison Company (SCE) shall immediately intensify all efforts within its existing Energy Savings Assistance Program (ESAP) authority to assist ESAP-eligible low-income customers affected by the Aliso Canyon incident. SCE shall prioritize near-term electric savings, especially peak savings and other measures that will minimize the use of natural-gas fired electric generation in areas affected by the Aliso Canyon incident.

3. Southern California Gas Company and Southern California Edison Company shall target their intensified efforts to geographic regions most impacted by emergency at Aliso Canyon. They shall immediately consult with Commission Energy Division staff to identify these regions.

4. Southern California Gas Company (SoCalGas) and Southern California Edison Company (SCE) shall track and report on a monthly basis all of its

intensified efforts related to the emergency response. This tracking shall include energy savings, geographic region, building type and expenditures. SoCalGas and SCE shall serve monthly reports of this emergency response to the service list and update the Low Income Oversight Board at the remaining 2016 meetings.

5. Southern California Gas Company and Southern California Edison Company shall use existing fund shifting rules to maximize the use of underspent and unspent funds to supplement its intensified efforts in response to the Aliso Canyon emergency.

6. The record of this proceeding is set aside to allow parties to comment on the questions contained within this ruling. Parties shall respond within ten days of this ruling's mailing. After receipt of comments, the record of this proceeding will be once again submitted.

Dated March 14, 2016, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL

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Catherine J.K. Sandoval  
Assigned Commissioner